

Cosmetic Industry in a Nutshell:

Trends, News and Developments

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AMERICAS

USA: Revlon Buys One Direction Fragrance Distributor CBBeauty

May 1st

Beauty giant Revlon has snapped up UK-based licensee and distributor CBBeauty. The takeover also includes the acquisition of UK distributor SAS & Company. CBBeauty is the distributor and marketer behind boy band One Direction's fragrance and beauty products, which are now distributed in more than 80 countries. Meanwhile, SAS & Company distributes and markets fragrances and beauty products for a number of high-end and mass brands including Rihanna, Carven and Burberry; SAS is also the fragrance licensee for pop group Little Mix and singer Cheryl. Following the acquisition, CBBeauty and SAS will operate as an independently managed division within Revlon, headed up by CEO of CBBeauty Corrado Brondi. Source: www.cosmeticsbusiness.com

USA: L'Oréal Reduces CO2 Emissions by 57%

May 1st

After having recently announced a 50% reduction of the CO2 emissions of its production globally by the end of 2014, the L'Oréal Group said that its US subsidiary reduced its CO2 emissions by 57 percent, a saving of nearly 60,000 metric tons of carbon dioxide. L'Oréal USA's commitment to renewable energy and use of solar technology across its many facilities today represents more than 35 million dollars in investment. L'Oréal's South Brunswick, NJ, distribution centre, for instance, boasts the largest solar panel array with over 10,000 panels, which supplies nearly 100 per cent of the building's electrical energy requirements and reduces the CO2 emissions by close to 900 tons annually. Source:

www.premiumbeautynews.com

USA: Beauty Sales Topped \$42 bn

April 30th

The US-American beauty and personal care market keeps growing. In 2014, the market recorded strongest sales in makeup, oral care and hair care. According to Kline & Company, sales in the US-American beauty and personal care market have topped \$42 billion in 2014. The strongest sales growth was achieved in the makeup, oral care and hair care product categories and skin care continued to be the leading product class in terms of sales. According to Kline, skin care continued to be the leading product class in terms of sales value in the US-American beauty and personal care market, backed by the positive performance of skin care products for men and hand and body lotions. Source: www.cosmetic-business.com

USA: Weak Sales and Currency Translations Hurt Avon Results

April 30th

Avon Products reported sales down 18% to \$1.8bn for its first quarter, a figure that resulted from the double impact of currency headwinds and weak North American sales. Underlying results looked healthier though, with constant dollar sales increasing by 1%, underlining the hefty impact of currency translations against the strong US dollar as well as the fact that there was strong growth in Europe, Middle East and Africa. Thanks to the significant restructuring program that has cut back on costs significantly, the net loss was reduced, down from \$167m to \$146m, while adjusted net income was \$17m compared to a figure of \$52m. Source: www.cosmeticsdesign-europe.com

USA: Japanese Skin Inc. Expands

April 29th

Japanese skin care company Skin Inc, Skin Supplement Bar, is expanding into the US and Canada through 66 Sephora stores, sephora.com and iloveskininc.com. Source: www.cosmeticsbusiness.com

USA: Animal Welfare is Crucial for Beauty Consumers

April 28th

Ethical product claims are important but not worth to pay more. "Not tested on animals", "Contains SPF", "All Natural" and "Contains No Animal Products" are the top four of the English-language beauty product claims that are important for customers. However, when it comes to the question, for which product claim customers would pay more, the order of the top claims changes, as Nielsen points out. The label "Not tested on animals" is important for 57% of the respondents, as the researchers report. 56% stated that the claim "Contains SPF" is important for them. 53% deem the label "All Natural" as important. However, fewer people are willing to spend more money on beauty products with these claims. Source:

www.cosmetic-business.com

USA: P&G With Challenging Third Quarter

April 27th

Procter & Gamble announced third quarter fiscal year earnings. Net sales were heavily influenced by foreign exchange loss, similar to their second quarter earnings before. Net sales fell by 8% to \$18.1 billion, whilst quarterly profit was 2.2 billion, a decline by 17% in comparison with the year before. In the Beauty, Hair and Personal Care segment, organic sales decreased by 3%, although Deodorants, Cosmetics and Salon Hair Care categories reported innovation-driven organic sales growth. However, growth was offset by sales declines from the Prestige Fragrance and mass Skin Care categories. Increased competitive promotional activity in the U.S. and customer inventory reductions in China were responsible for low Hair Care organic sales, P&G states. Source: www.cosmetic-business.com

USA: New Bill Calls on FDA to Review Cosmetic Ingredients

April 22nd

The safety of cosmetics and personal care products in the US has come under scrutiny after a new bill was put forward that seeks amendments to the Federal Food, Drug and Cosmetic Act. Among the first five chemicals the FDA would be expected to review, if the bill makes it through to law, are a form of formaldehyde used in hair-smoothing treatments and a chemical that mimics oestrogen. Source:

www.cosmeticsbusiness.com

USA/EU: Commission Changes TTIP Position On Cosmetics

April 22nd

The European Commission has made changes to the latest version of its position on cosmetics in the Transatlantic Trade and Investment Partnership (TTIP) negotiations with the United States. In March, the executive published a new version of its position paper on cosmetics as part of the TTIP talks. In contrast to the earlier version published in May last year, the paper no longer contains a reference to "mutual recognition" of banned and authorised substances in cosmetics. Instead, the Commission is now calling for a "collaboration in scientific safety assessment methods." More than 1,300 substances are prohibited in cosmetics in the EU, while only 11 are in the US. Source: www.euractiv.com

USA: Great Potential for Beauty Mass Products Online

April 22nd

According to a study by business intelligence firm L2, 11% of prestige Beauty and Personal Care Products in the USA are sold online, whereas mass Beauty products only reach 6% in the online market. However, they have much untapped potential in e-commerce, the experts say. Prestige brands have higher margin, making them more attractive for Beauty e-commerce pure plays. Mass Beauty products on the other hand are much more likely to be sold through online channels where bundling with other products is possible. Source: www.cosmetic-business.com

USA/World: Sun Care Market Report

April 22nd

Global growth of the \$10bn sun care market has slowed but there were sunny spells among some countries in 2014, particularly China and India. The mature markets of the US and Europe were mostly flat or in decline. For some this was due to poor summer weather, while others faced challenges such as consumer awareness, pressures on spending and regulatory issues. Source: www.cosmeticsbusiness.com

World: Brazil and Asia Drive Global Cosmetics Market

April 20th

Global sales of beauty products grew by 5 per cent in 2014. Skin care remains the largest segment and by 2019, one third of global beauty sales should come from skin care, unveiled market research company Euromonitor International. The beauty industry remained largely resistant to strong economic and political headwinds, generating US \$465 billion in sales in 2014. China and Brazil remain the most promising markets with absolute growth expected to exceed US \$10 billion by 2019. However, strong growth is also expected in Indonesia and India, as well as in the United States and Saudi Arabia. Argentina, Iran, Mexico, Thailand and Turkey also show excellent prospects for further growth. Source:

www.premiumbeautynews.com

ASPAC

India: No Answers From Unilever About Allegations of Mercury Poisoning

May 4th

The Anglo-Dutch consumer goods giant Unilever, which owns 67 per cent stake in Hindustan Unilever Limited (HUL), still lives in denial about allegations of mercury poisoning in Kodaikanal. Replying to questions raised by campaigners in the United Kingdom for justice in Kodaikanal during the recent annual general body meeting held in Leatherhead, UK, on April 30, Unilever CEO Paul Polman said it was a long-term issue and that they wanted to resolve it. The case filed in Madras HC by HUL ex-workers association in 2006, was last listed for hearing in February 2013. Source: www.deccanchronicle.com

Japan: Shiseido Reveals Three Year Business Plan

April 29th

Beauty giant Shiseido has revealed details of a three year plan that it hopes will rejuvenate the business. The FY2015 to FY2017 plan aims to help the company resolve structural issues with domestic and international businesses as well as to realise a strategy that makes aggressive marketing investments resulting in accelerated growth over the next three years from FY 2018 to FY2020. Shiseido has set a ¥100bn or more target for operating profit and 12% or more ROE target

in FY2020. The company aims to: build the foundation for top share in Japan, which involves nurturing strong brands and expanding recruitment of beauty consultants; accelerate global growth by transitioning to a new matrix organisation and expanding travel retail share; and re-engineer its China business, which is Shiseido's top priority market. Source: www.cosmeticsbusiness.com

EUROPE:

Netherlands/UK: Unilever to Invest 3bn Rubles in Factory

May 1st

Unilever will invest up to 3bn rubles (US\$70m) in the expansion of its Northern Lights cosmetics factory in Russia. Commissioning of the production facility is scheduled for the fourth quarter of 2017. An official spokesman of Unilever has said that the capacity of the factory, which is based in St Petersburg, will be increased by two times, which will take place through the building of a new production unit. Source: www.cosmeticsbusiness.com

UK: Herborist Makes Debut

April 27th

Chinese skin care brand Herborist will launch in the UK market, exclusively available at website feelunique.com. The brand, whose philosophy lies in 'restoring skin health for lasting beauty', was the first premium cosmetic brand to be created in China, launching in 1998, before entering the European market in 2008 through the Sephora network. Herborist now boasts more than 1500 stores within China and Europe. Utilising the resources of Chinese medicine, herbal science and balance philosophy, the brand incorporates the powerful benefits of Chinese herbology's most effective plants with cutting edge cosmetic formulations

Turkey: Cosmetics Industry Soars With Contribution of TV Series

April 26th

The Turkish cosmetics industry, which made a major breakthrough in production and exports in recent years, is sought after by Arab women, who are attracted to

the sector mainly because of the impact of Turkish TV series. In overall chemical products, cosmetics have achieved the largest growth thanks to the efforts of exporters' associations. Turkish cosmetic products, which significantly appeal to Middle Eastern women, have begun contributing to Turkey's objective of having high-value-added exports. Annual cosmetic products exports reached \$1.3 billion last year, while this figure was \$470 million in 2005. Source: www.dailysabah.com

Turkey: Young, Dynamic population Driving Growth

April 24th

A dynamic population seeking tailored solutions is boosting the cosmetics market in Turkey and the Middle East and many global brands are making the most of the region's growth, according to market researcher Euromonitor. Source:

www.cosmeticsdesign-europe.com

Europe: Court Case On Cosmetics Animal Testing Ban

April 23rd

A European Court of Justice (ECJ) judicial review to interpret the marketing ban on cosmetic products, containing ingredients tested on animals under the EU cosmetics Regulation, is progressing, as relevant parties have submitted their statements on the case. The European Federation for Cosmetic Ingredients (EFfCI) brought the case before the High Court in London, UK, in 2013, asking it to clarify whether the cosmetics industry is legally allowed to use in vivo data, generated for purposes that do not fall under the EU cosmetics Regulation. After the last hearing before the High Court, on 24 November, the case was referred to the ECJ (CW 16 December 2014). The Court must now decide whether the comments submitted are enough to determine the case. If not, the ECJ could call for another hearing, or assign an official legal adviser, or advocate general, to take on the case. How long it will take until a judgement is reached will depend on this next step, the EFfCI says. Source: <https://chemicalwatch.com>

UK: Brits Going Back to Basics for Beauty?

April 22nd

The natural beauty and nude make-up trends were popular at the start of the year and it seems British consumers are seeking a healthy natural glow through a back

to basics regime, which has seen cleanser and face mask sales chart double-digit growth. Source: www.cosmeticsdesign-europe.com

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